

## **York College**

# **Report and Financial Statements For the year ended 31 July 2021**

## **KEY MANAGEMENT PERSONNEL, GOVERNING BODY AND PROFESSIONAL ADVISERS**

### **KEY MANAGEMENT PERSONNEL**

Key management personnel for York College are the members of the Strategic Leadership Team and were the following throughout 2020-21 (job titles as at the date of signing):

Lee Probert	Chief Executive, Principal and Accounting Officer
Louise Doswell	Deputy Chief Executive and Principal for Partnerships and Development (to May 2021)
Graeme Murdoch	Deputy Chief Executive and Principal for Quality and Student Experience (to October 2021)
Sharon Smith	Vice Principal for Higher, Vocational and Professional Education (to July 2021)
Glyn Jones	Vice Principal for Academic and Applied Education
David Hawkins	Vice Principal for Finance and Professional Services

### **Governing Body**

A full list of Governors is provided on pages 11 to 13 of these financial statements.

Elizabeth McClure acted as Director of Governance until August 2021.

### **Professional Advisers**

#### **Financial Statements Auditors & Reporting Accountants:**

RSM UK Audit LLP  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

#### **Internal Auditors:**

TIAA Ltd  
Artillery House  
Fort Fareham  
Newgate Lane  
Fareham  
PO14 1AH

#### **Bankers:**

Barclays Bank Plc  
2<sup>nd</sup> Floor  
1 Park Row  
Leeds  
LS1 5AB

#### **Solicitors:**

Rollits LLP  
Citadel House  
58 High Street  
Hull  
HU11QE

## REPORT AND FINANCIAL STATEMENTS

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## **REPORT AND OPERATING AND FINANCIAL REVIEW**

### **Nature, Objectives and Strategies**

The members of the Governing Body present their report and the audited financial statements for the year ended 31 July 2021.

### **Legal status**

The Corporation was established under the Further and Higher Education Act 1992 for the purpose of conducting York College. The College is an exempt charity for the purposes of Part 3 of the Charities Act 2011.

### **Mission**

The College mission was last reviewed during the 2010-11 academic year and in July 2011, the following mission statement was adopted. This was the College's mission in the 2020-21 academic year and was re-confirmed as part of the 2020-2025 Strategic Plan.

'York College – Where everyone matters and a successful future begins'

York College's mission is to provide a life enhancing educational experience, through inspirational teaching, by working in partnership and helping individuals to be the best they can.

### **Public Benefit Statement**

York College is an exempt charity under Part 3 of the Charities Act 2011 and following the Machinery of Government changes in July 2016 is regulated by the Secretary of State for Education. The members of the Governing Body, who are trustees of the charity, are disclosed on pages 11 to 13.

In setting and reviewing the College's strategic objectives, the Governing Body has had due regard for the Charity Commission's guidance on public benefit and particularly upon its supplementary guidance on the advancement of education. The guidance sets out the requirement that all organisations wishing to be recognised as charities must demonstrate, explicitly, that their aims are for the public benefit.

In delivering its mission, the College provides the following identifiable public benefits, through the advancement of education, by:

- Widening participation in education and training and thereby helping to tackle social exclusion;
- Providing high quality teaching and learning and comprehensive systems of student support;
- Enhancing students' prospects for employment, further education or training;
- Supporting economic growth through its work with Local Enterprise Partnerships, employers and industry generally; and
- Supporting community development through its work with local communities and local authorities.

### **Implementation of strategic plan**

In July 2020, the Corporation approved a strategic plan for the period 1 August 2020 to 31 July 2025. The Corporation monitors the performance of the College against the plan.

## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Implementation of Strategic Plan (continued)**

The College's approved strategic objectives for the period to 31 July 2025 were as follows:

- To deliver high quality education and training expecting excellence in all that we do.
- To facilitate the best possible student experience, developing students inside and outside the classroom.
- To develop, retain and invest in a talented staff team.
- To invest in resources maximising students' success and enabling innovation.
- To ensure long-term financial sustainability.
- To nurture partnerships which benefit students, staff, the City and region.

### **Covid-19**

In 2020-21 the College was significantly affected by Covid-19 with the majority of students learning through a blended model of on-line and face to face delivery. Whilst this worked well and students felt supported, there was a strong desire to return on site for the majority of teaching in 2021-22.

Additional controls were implemented in College buildings including testing, one-way systems, face coverings, increased cleaning and extra safety measures. All were managed extremely well with no significant outbreaks.

The financial impact of Covid-19 was significant with income reductions including adult education, full cost, international, catering as well as other commercial activities. Additional costs were also incurred with additional health and safety measures. The College has continued to pay suppliers under agreed terms. Agreements were reached with College transport providers to provide a continuation of service and support supplier cashflow.

Covid-19 had an impact on the partnership with international organisations resulting in reduced student numbers coming to the United Kingdom. Our transport suppliers have also been impacted by Covid-19 with reports that providers face difficulty recruiting drivers.

### **Reserves policy**

The College's policy for the maintenance and development of its financial reserves reflects the ongoing fundamental changes taking place in the financial environment in which it operates. The policy was last approved in March 2019.

In approving this policy, the College's Governing Body recognised that if it is to achieve its mission and strategic objectives, it is essential for the College to be financially stable over the long term and that both of the following objectives need to be achieved:

- A consistent financial operating performance over time;
- A significant level of financial reserves to be retained. In the current strategic plan this equates to approximately £4m. Current levels of cash continue to exceed £8m and are not forecast to fall below £6.8m in the next twelve months.

The Governing Body considered that, if achieved, this would provide sufficient financial reserves to both protect the College from the long term effects of unforeseen financial events and to provide the financial resources to fund future developments, when required.

## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Financial objectives

The Governing Body sets operational and strategic financial objectives, which incorporate specific and measurable financial performance measures. These measures focus on the need to generate both operating surpluses and positive cash flows to maintain the College's financial reserves and long term solvency. Whilst Covid-19 has had an impact on College finances of over £1m, the strategic financial objectives stated below remain appropriate for the institution.

The College's strategic financial objectives were:

- To operate cash positively each year
- To operate so that cash balances do not fall below two months of expenditure
- To improve profitability therefore creating greater capacity for investment
- To ensure the College's financial health rating is never less than good

### Performance objectives

As a result of Covid-19 the College took a cautious but realistic view in preparing its budget for 2020-21 with an extended period of income reduction on certain commercial activities and some reduction in student numbers.

Performance objectives were approved by the Corporation to monitor the implementation of the College's financial strategy.

Performance Objective	Target	Actual Achieved
Net cash flow from operating activities as a % of income	0.1%	8.6%
Net cash flow	£38,000	£2,303,000
Cash days at 31 July 2021	92	114
Adjusted Current Ratio at 31 July 2021	3.13	2.52
Operating (Deficit)/Surplus before FRS 102 pension costs. (Operating Deficit excluding LGPS FRS102 charge of £2,069,000, LGPS net interest costs of £231,000 (per note 20) and £34,000 actuarial loss on enhanced pension.)	(£1,545,000)	(£901,000)
Borrowings as a percentage of income	0%	0%
Borrowings as a percentage of reserves	0%	0%
Annual debt and interest repayments as a percentage of income	0%	0%

The College is committed to observing the importance of sector measures and indicators and uses the FE Choices website, which looks at measures such as success rates. The College is required to complete the annual Finance Record for the Education and Skills Funding Agency. The Finance Record produces a financial health grading. The current rating of Good is considered to be an excellent outcome for the College through a year of significant disruption.

## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Financial position

In 2020-21, the College's financial performance resulted in a deficit of £3,235,000 (2020: a deficit of £1,572,000). Before LGPS FRS102 pension charges, pension interest costs and actuarial loss on enhanced pension, the College reported a deficit of £901,000 (2020: a deficit of £168,000).

The College has accumulated reserves of £26,095,000 and cash balances of £8,293,000.

Covid-19 had a detrimental impact on financial performance of the College in 2020-21 (compared against a normal year of operation), with the following areas worthy of note:

Adult Education Budget	Under delivery of £89k
International Students	Reduced Income of £232k
Full cost commercial courses	Reduced Income of £313k
Catering services	Reduced income of £512k (negated in part by cost savings)
Other Commercial Activities	Reduced Income of £111k (sports lettings/restaurant/salons)
Additional Staffing Cost	Increase of £93k (mainly cleaning)
Additional Health and Safety	Increase non-pay of £133k

It is forecast that commercial activities and other non-funded income will return to pre-Covid 19 levels.

Tangible fixed asset additions during the year amount to £2,076,000.

The defined benefit pension scheme deficit has reduced to £11,020,000 (2020: a deficit of £17,084,000).

At 31 July 2021, the College had no subsidiary companies but is lead partner in the Yorkshire and Humber Institute of Technology Limited.

### Treasury management policies and objectives

Treasury management is the management of the College's cash flows, its banking, money market and capital market transactions. The key objective of the College's treasury management activity is effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The College has a separate treasury management policy in place. Any borrowings or repayment of borrowings require the authorisation of the Governing Body and shall comply with the requirements of the College's conditions of funding.



## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Current and future development and performance**

#### **Cash flows and liquidity**

In 2020-2021 the College's operating cash flow was £2,303,000 (2020: £3,412,000).

Covid-19 has had an impact on the cashflow in 2020-21 with the loss of some income streams and additional cost to ensure a safe working environment. The College has healthy cash balances and only received £36,000 of support from the job retention scheme and paid staff in full. The College also utilised £15,000 of tuition fund and £10,000 adult funding available for Covid response

At 31 July 2021, the College had no loans or leases outstanding and therefore will have no debt or lease servicing costs in future financial years.

#### **Student numbers**

In 2020-21 the College has delivered learning activity that generated £20,906,000 in funding from its main funding body, the ESFA, (2020: £19,656,000). The College had approximately 5,808 students funded by the Education and Skills Funding Agency (or its predecessor bodies) and approximately 1,152 students with other sources of funding.

#### **Student achievements**

Students achieved 96.5% of their qualification aims in 2020-21 (2019-20: 97.5%).

#### **Curriculum developments**

The key initiatives in the year included:

- Further adaptation to teaching, learning and assessment models in the face of Covid restrictions and government regulations. This has included extensive development of blended learning pedagogy.
- Continuing to develop progression routes and opportunities between levels of study at College, in order to facilitate improved progression to higher level technical and vocational education, apprenticeships and employment.
- Implementing a variety of new vocational courses, including the first year of T Level in Construction.
- Developing T Levels in Health and Early Years for introduction in 2021, and preparing to develop further T levels in Digital, Engineering and Business for 2022.
- Securing a validation partnership with the Open University, and programme level validation with them for almost all of our HE provision.
- Developing new HE courses, including the BA in Acting for Stage and Screen (in partnership with ALRA), and HNC in Creative Media.
- Developing partnerships in order to provide learning opportunities to meet the needs of our community, including the Treadmills project in Northallerton.
- Participating in the governments Industry Placement Pilot scheme for a selected group of courses in the 21/22 academic year in preparation for wider T-Level rollout.
- Continuing to develop a new partnership with Barratt Homes creating a 'Barratt training academy' to service all of their Brickwork and Carpentry/Joinery apprentices from the Northwest and the North.

These developments were underpinned by the ongoing cross college strategy to promote excellence in all aspects of teaching, learning and assessment, including the wider experience of students.



## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Current and future development and performance (continued)**

#### **Events after the end of the reporting period**

There were no significant post Balance Sheet events after the end of the reporting period.

#### **Resources**

The College has various resources that it can deploy in pursuit of its strategic objectives.

#### **Financial**

The College has £26,095,000 of net assets (after a £11,020,000 FRS 102 pension liability).

#### **People**

The College employed 659 people, 291 of whom were teaching staff

### **Principal risks and uncertainties**

The College frequently reviews risk as part of its arrangements to ensure that its system of internal control, including financial, operational and risk management is robust. This work included continued development of those processes, which are designed to ensure the effective and efficient use of resources, to protect the solvency of the College and to safeguard its reputation and assets.

Based on the strategic plan, the Strategic Leadership Team undertakes a comprehensive review of the risks to which the College is exposed. They identify systems and procedures, including specific preventative actions to mitigate any potential impact on the College. These risks are actively managed with the purpose of reducing the potential adverse outcomes of any risk materializing.

The internal controls are implemented and their effectiveness is monitored. In addition to the regular reviews undertaken by the Strategic Leadership Team, the Board, through its Committees also regularly reviews and monitors risk.

At the strategic level, and at least annually, a full review of risk is undertaken by the Strategic Leadership Team and the Board. The Audit Committee now also 'deep dives' risks, with risk owner, to secure assurance that risks are under active management. This approach is complemented by assurance sourced through a, Board approved, programme of internal audit.

The risk register identifies the key risks, the likelihood of those risks occurring and their potential impact on the College. Risks are prioritised using a consistent scoring system.

Outlined below is a description of the principal risk factors that may affect the College. Not all the factors are within the College's control. Other factors besides those listed below may also adversely affect the College.

#### **1. Government funding**

The College has considerable reliance on government funding through the further education sector funding body and Office for Students. In 2020-21, 92% of the College's revenue was ultimately publicly funded. The system of government funding is a mix of in-year and post-year (lagged) funding. This requires active management to ensure that the College has clear oversight of its financial position

The principal student cohort in the College, 16-19 year olds, is funded on a lagged basis. This underpins the College's financial stability and ability to plan.

For adults, higher education students and apprentices funding is paid in-year through a mix of direct payment from the State, payments from students via loans and payments from employers via the levy. This funding position is relatively stable in Government policy terms, although changes in student numbers affect the College's in-year cash position.

## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Current and future development and performance (continued)**

#### **Principal risks and uncertainties (continued)**

The College mitigates this risk by:

- Being rigorous in its delivery of high-quality education and training;
- Focusing its development of curriculum in a way which meets local needs and enables access to funding;
- Involving employers in the design of the offer;
- Maintaining and investing in strong relationships with each of its funding bodies.

#### **2. Maintain adequate funding of pension liabilities**

The College's financial statements report its share of the Local Government Pension Scheme deficit within the Balance Sheet. This is in line with the requirements of FRS 102.

#### **3. Covid-19**

The College's financial statements report the impact of Covid-19 for the period 2020-21. In preparing its budget for 2021-22 the College took a realistic view with an extended period of reduction on certain income streams but the judgement taken for 2021-22 was that the majority would return to a normal level of operation. The College has built a strong cash position with no debt and can therefore withstand a short-term potential reduction in cash

#### **4. Estate Strategy**

The College benefits from a high quality estate, which is well maintained. As student numbers and the diversity of the offer has grown, the estate is now a limiting factor in the context of growth. The Board is seeking to develop an investment strategy, in particular for the estate, to ensure that the anticipated growth in students arising from demographics and enhanced work with employers, can be accommodated in a high quality way.

In 2020-21 the College monitored the following through its risk register:

- The delivery of high quality education;
- To facilitate the best possible student experience;
- To develop, retain and invest in a talented staff team;
- Investment;
- Long term financial sustainability;
- To nurture partnerships which benefit students, staff, City and region;
- Covid-19; and
- Cyber security

#### **Stakeholder relationships**

In line with other colleges and with universities, York College has many stakeholders. These include:

- Students;
- Local employers;
- The local communities of York and North Yorkshire;
- Staff;
- Education sector funding bodies;
- Local Authorities;
- FE Commissioner;
- Other further education colleges; and
- Trade unions and professional bodies.

The College recognises the importance of these relationships and engages regularly with its stakeholders through meetings and communication through both electronic and non-electronic media.

## **REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)**

### **Equality and diversity statement and the employment of disabled persons**

York College is committed to ensuring equality of opportunity for all who learn and work at the College. The aim of the College's provision is to create an ethos whereby all individuals are valued and people treat each other with mutual respect regardless of age; disability; gender; gender re-assignment/transgender; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sexual orientation. York College is also committed to ensuring those with family responsibility; carer responsibilities; trade union responsibilities or unrelated criminal convictions are also able to succeed. The College strives vigorously to remove conditions which place people at a disadvantage and seek to actively combat discrimination.

The Equality and Diversity Policy and related procedures are resourced, implemented and monitored on a planned basis. The College's Equality and Diversity Policy deals with all aspects of equality and diversity and is published on the College's intranet and website, alongside our Equality Objectives and Modern Slavery Statement. As part of our commitment to promote and advance equality and develop an inclusive and cohesive community we have joined other colleges and university centres across the country in stating our position against prejudice. We have done this by adopting the IHRA's (International Holocaust Remembrance Alliance) working definition of Anti-Semitism.

The College endeavours to assess all policies and procedures, plus key plans, practices and proposals as appropriate. This process is referred to as an 'equality impact assessment'. It is intended to help ensure that no individual or group of individuals is inadvertently discriminated against whilst studying or working at the College.

York College is committed to ensuring disabled people are not disadvantaged either during the recruitment and selection process or during their employment. The College provides practical support to current or prospective members of staff who have a disability or long term health condition. This can involve liaison with specialist organisations to ensure that the College provides the most appropriate support.

Where an existing employee becomes disabled, every effort is made to ensure that employment with the College continues.

The College's policy is to provide training, career development and opportunities for promotion to disabled persons, which are the same as those available to other employees.

The College has been recognised as a Level 2 Disability confident Employer. Previously known as the Two Ticks scheme, Disability Confident is a government run scheme, which works with employers to "remove barriers, increase understanding and ensure that disabled people have the opportunities to fulfil their potential and realise their aspirations".

### **Provision for students with learning difficulties and/or disabilities**

#### **Disability commitment**

York College is committed to ensuring that disabled people, including those with learning difficulties, can access, participate and succeed in their learning. We will make all reasonable adjustments to ensure that disabled people are not substantially disadvantaged.

The College considers all applications, including those from people with learning difficulties and/or disabilities.

## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Provision for students with learning difficulties and/or disabilities (continued)

#### Disability commitment (continued)

The College's Student Charter applies equally to all students. This means that students who have learning difficulties and/or disabilities (LDD) are entitled to receive the same consideration as other students.

This is achieved through the following:

- The College campus is accessible and has been designed to facilitate access for disabled people;
- The College employs a team of well qualified and highly skilled Learning Support Mentors, Learning Support Practitioners and others who provide a wide range of additional learning support, advice and guidance to students with learning difficulties and/or disabilities;
- The Learning Support team also has a range of specialist equipment and software which can be loaned to students with learning difficulties and/or disabilities. There is a range of assistive technology available across the College;
- There is a continuing programme of staff development to facilitate and support the inclusion of people with LDD, as well as to update staff regarding wider disability issues and legislation;
- Specific programmes of study are available for students with learning difficulties.

In addition, specific support may be provided to enable these students to use particular facilities or services.

The College has received the 'A Good Place to Come' Award from the Children's Society/Disabled Young People.

#### Trade union facility time

The Trade Union (Facility Time Publication Requirements) Regulations 2017 require the college to publish information on facility time arrangements for trade union officials at the college

Numbers of employees who were trade union officials during the relevant period	4
FTE employee number	4.0

Percentage of working hours spend on facility time	Number of employees
0%	
1-50%	4
51-99%	
100%	

Total cost of facility time	£11,265
Total pay bill	£21,324,000
Percentage of total bill spent on facility time	0.053%

Time spent on paid trade union activities as a percentage of total paid facility time	8.4%
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## REPORT AND OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Going concern

After making appropriate enquiries, the Corporation considers that the College has adequate resources to continue in operational existence for the period through to 31 December 2022. This is evidenced through the submission of financial plans including cash flow projections and sensitivity analysis of operating performance. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

The College has a healthy cash balance and no debt supporting a financially strong position and a 'good' financial health rating. The College has not received any exceptional financial support but has prepared a budget to 31 July 2023 reflecting any further potential impact of Covid-19. This budget indicates a break-even operating position. It is forecast that cash will not fall below £6.8m through 2021-22 and a cash figure of £8m in July 2022 is also forecast. Early reforecasting and monitoring of performance will inform any corrective action required.

### Disclosure of information to auditors

The members who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the College's auditors are unaware; and each member has taken all the steps that he or she ought to have taken to be aware of any relevant audit information and to establish that the College's auditors are aware of that information.

Approved by order of the members of the Corporation on 13 December 2021 and signed on its behalf:



I Looker

Chair

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL

This statement is provided to enable readers of the Members' Report and Financial Statements to obtain a better understanding of the governance and legal structure of the College.

The College conducts its business:

- i. in accordance with the seven principles identified by the Committee on Standards in Public Life (selflessness, integrity, objectivity, accountability, openness, honesty and leadership);
- ii. in full accordance with the guidance to colleges from the Association of Colleges in Code of Good Governance for English Colleges ; and
- iii. having due regard to the UK Corporate Governance Code 2018 ("the Code") insofar as it is applicable to the College.

The College is committed to exhibiting best practice in all aspects of corporate governance and in particular the College has adopted and complied with the Code of Good Governance for English Colleges. The College has not adopted and therefore does not apply the UK Corporate Governance Code. However, we have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code we consider to be relevant to the sector.

The Governing Body recognises that, as a body entrusted with both public and private funds, it has a particular duty to observe the highest standards of corporate governance at all times. In the opinion of the Corporation, the College complies with all the provisions of the Code of Good Governance for English Colleges, and it has complied throughout the year ended 31 July 2021.

The College is an exempt charity within the meaning of Part 3 of the Charities Act 2011. The Governors, who are also Trustees for the purpose of the Charities Act 2011, confirm that they have due regard for the Charity Commission's guidance on public benefit and that the required statements appear elsewhere in these financial statements.

### The Corporation

The members who served on the Corporation during the year and up to the date of signature of this report were as follows:

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Committees served
S Collier (Corporation Chair until 31 December 2021)	December 2016	4 years	December 2020	Independent	<ul style="list-style-type: none"> <li>• Remuneration;</li> <li>• People &amp; Governance.</li> </ul>
V Buckle	March 2017	4 years	September 2021	Staff	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> </ul>
L Bush	January 2020	4 years	-	Independent	<ul style="list-style-type: none"> <li>• Quality &amp; Curriculum</li> </ul>
J Commandeur	July 2018	4 years	July 2021	Independent	<ul style="list-style-type: none"> <li>• Finance &amp; General Purposes</li> <li>• Remuneration</li> <li>• People &amp; Governance</li> </ul>
H Crews (Vice Chair from 1 January 2021)	August 2018	4 years	-	Independent	<ul style="list-style-type: none"> <li>• Audit</li> <li>• Remuneration</li> <li>• People &amp; Governance</li> </ul>
J Dean	July 2020	4 years	-	Independent	<ul style="list-style-type: none"> <li>• Audit</li> </ul>



**STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

<b>Name</b>	<b>Date of most recent appointment</b>	<b>Term of office</b>	<b>Date of resignation</b>	<b>Status of appointment</b>	<b>Committees served</b>
R Hickey	January 2020	4 years	-	Independent	<ul style="list-style-type: none"> <li>Finance &amp; General Purposes</li> </ul>
A Hughes (Vice Chair until 31 December 2020)	December 2016	4 years	December 2020	Independent	<ul style="list-style-type: none"> <li>Remuneration</li> <li>People &amp; Governance</li> </ul>
D Inglis	September 2020	4 years	-	Independent	<ul style="list-style-type: none"> <li>Finance &amp; General Purposes</li> </ul>
I Looker (Chair from 1 January 2021)	April 2020	4 years	-	Independent	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> <li>People and Governance</li> <li>Remuneration</li> </ul>
G Morrison	July 2020	1 year	July 2021	HE Student	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> </ul>
K Moss	July 2018	4 years	-	Independent	<ul style="list-style-type: none"> <li>Audit</li> <li>Remuneration</li> <li>People and Governance</li> </ul>
L Probert	Ex-Officio	-	-	Chief Executive and Principal/ Accounting Officer	<ul style="list-style-type: none"> <li>Finance &amp; General Purposes</li> <li>People &amp; Governance</li> <li>Quality &amp; Curriculum</li> </ul>
J Robinson	April 2018	4 years	-	Independent	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> </ul>
M Rushworth	September 2020	4 years	-	Staff	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> </ul>
A Thomas	December 2018	4 years	-		<ul style="list-style-type: none"> <li>Audit</li> </ul>
F Thompson	October 2018	Until December 2020	August 2021	Independent	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> <li>Remuneration</li> <li>People &amp; Governance</li> </ul>
O Trotter	March 2017	4 years	-	Independent	<ul style="list-style-type: none"> <li>Finance &amp; General Purposes</li> </ul>
C Waters	March 2019	4 years	-	Independent	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> </ul>
A Lees	September 2021	4 years	-	Independent	<ul style="list-style-type: none"> <li>Quality &amp; Curriculum</li> </ul>
H Fraser-Krauss	September 2021	4 years	-	Independent	<ul style="list-style-type: none"> <li>Finance &amp; General Purposes</li> </ul>

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

Co-opted committee members:

Name	Date of most recent appointment	Term of office	Date of resignation	Status of appointment	Committees served
N Costello	March 2018	3 years	-	Co-opted	• Finance & General Purposes
J Ennis	April 2019	4 years	-	Co-opted	• Audit
D Johnson	July 2018	3 years	July 2021	Co-opted	• Finance & General Purposes
M Jones	August 2018	3 years	-	Co-opted	• Finance & General Purposes
D King	December 2017	3 years	December 2020	Co-opted	• Audit
A Entwistle	January 2020	4 years	-	Co-opted	• Audit
L Mason	September 2021	4 years	-	Co-opted	• Quality & Curriculum

The term of office for Co-opted members was changed from 3 years to 4 years in 2018-19 to realign with other governors.

The Clerk to the Corporation maintains a register of financial and personal interests of governors. The register is available for inspection at the College address.

The Corporation has a strong and independent non-executive element and no individual or group dominates its decision-making process. The Corporation considers that each of its non-executive members is independent of management and free from any business or other relationship, which could materially interfere with the exercise of their independent judgement.

There is a clear division of responsibility in that the roles of the Chair of the Corporation and the Principal / Accounting Officer are separate.

All governors are able to take independent professional advice in furtherance of their duties at the College's expense and have access to the Clerk to the Corporation known as the Director of Governance, who is responsible to the Board for ensuring compliance with all applicable procedures and regulations.

At 31 July 2021, the Director of Governance was Elizabeth McClure.

The appointment, evaluation and removal of the Clerk are matters for the Corporation as a whole.

### Changes to the governance framework due to COVID-19

Beginning with the extra ordinary Governing Body Meeting on the 19 March 2020, Governing Body and Committee meetings were held virtually using Microsoft Teams. At the extra ordinary Governing Body Meeting on the 19 March 2020 a resolution was passed to change the Instrument of Government to allow for written resolutions. In addition, Standing Orders were changed to allow for written resolutions and to specify the conditions and arrangements for Chair's Action to be taken. A Virtual Meeting Protocol was agreed at a Governing Body meeting on the 29 April 2020. This continued through to July 2021 when the College Governing Body meeting was held in person.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Corporation and committee meetings

It is the Corporation's responsibility to bring independent judgement to bear on issues of the College's strategy, performance, resources, and standards of conduct.

The Corporation conducts its business through a number of committees. Each committee has terms of reference, which have been approved by the Corporation. These committees include the Audit, Finance and General Purposes, Quality and Curriculum, Remuneration and People and Governance Committees.

The number of committee meetings that took place during 2020-21 was as follows:

Audit	3	Quality & Curriculum	3
Remuneration	3	People & Governance	3
Finance & General Purposes	4		

The number of Governing Body meetings that took place during 2020-21 was six of which two were extra ordinary meetings.

Formal agendas, papers and reports are supplied to governors prior to Corporation and Committee meetings in a timely manner. Briefings are also provided on an ad-hoc basis.

The Corporation is provided with regular and timely information on the overall financial performance of the College together with other information such as performance against funding targets, proposed capital expenditure, quality matters, personnel related matters such as health and safety and environmental issues.

Full minutes of all meetings are produced. Copies of all minutes, except those deemed to be confidential by the Corporation, are available on the College website ([www.yorkcollege.ac.uk](http://www.yorkcollege.ac.uk)) or from the Director of Governance at the College address, which is York College, Sim Balk Lane, York YO23 2BB.

## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Corporation and committee meetings (continued)

Governor attendance at meetings during 2020-21 was as follows:

Name	Meeting Attendance			Name	Meeting Attendance		
	Corporation	Committee	Combined		Corporation	Committee	Combined
S Collier	75%	100%	80%	K Moss	83%	83%	83%
V Buckle	67%	75%	70%	L Probert	100%	100%	100%
J Commandeur	83%	60%	73%	J Robinson	83%	67%	78%
H Crews	83%	100%	91%	M Rushworth	100%	100%	100%
L Bush	100%	67%	89%	A Thomas	83%	100%	89%
R Hickey	83%	100%	90%	F Thompson	100%	100%	100%
A Hughes	75%	100%	80%	O Trotter	100%	100%	100%
D Inglis	100%	100%	100%	N Watson	75%	33%	57%
I Looker	100%	100%	100%	C Waters	100%	50%	89%
G Morrison	67%	100%	78%	J Dean	100%	83%	92%

Co-opted governor attendance at meetings during 2020-21 was as follows:

Name	Meeting Attendance		Name	Meeting Attendance	
	Corporation	Committee		Corporation	Committee
A Entwistle	n/a	100%	D Johnson	n/a	100%
N Costello	n/a	25%	M Jones	n/a	25%
J Ennis	n/a	100%	D King	n/a	100%

During 2020-21 overall governor attendance at Corporation and Committee meetings was 89% and 89% respectively (2019-20: 78% and 76% respectively).

Governor attendance at all meetings of the Corporation and its Committees in 2020-21 was 89% (2019-20: 77%).

### Appointments to the Corporation

Any new appointments to the Corporation are a matter for the consideration of the Corporation as a whole. The Corporation has a People and Governance Committee, which is responsible for the selection and nomination of any new member for the Corporation's consideration. The Corporation is responsible for ensuring that appropriate training is provided as required. Members of the Corporation are appointed for a term of office of four years and will be eligible for re-appointment for one additional four-year term. Only in exceptional circumstances are Governors invited to serve for more than two four-year terms and these are explained when they occur.

## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

### **Remuneration Committee**

Throughout the year ending 31 July 2021, the College's Remuneration Committee comprised six members. The Committee's responsibilities include making recommendations to the Corporation on the remuneration and benefits of the Principal / Accounting Officer, other senior post-holders and the Director of Governance.

In the financial year 2020-21 the College continued to adopt the AoC's Senior staff remuneration code. Details of remuneration for the year ended 31 July 2021 are set out in Note 8 to the financial statements.

### **Audit Committee**

The composition of the Audit Committee has changed during the year. It now comprises four members of the Corporation (who exclude the Chair and the Principal / Accounting Officer) and three independent co-opted members. The Committee operates in accordance with written terms of reference approved by the Corporation. Its purpose is to advise the Corporation on the adequacy and effectiveness of the College's audit arrangements, its framework of governance, system of internal control and risk management control, and its processes for the effective and efficient use of resources and safeguarding the College's assets and solvency.

The Audit Committee meets on a termly basis. It provides a forum for reporting by the College's internal and financial statements auditors, who have access to the Committee for independent discussion, without the presence of College management. The Committee also receives and considers audit and assurance reports from the main FE funding bodies, as they affect the College's activities.

The College's internal auditors review the systems of internal control, risk management controls and governance processes in accordance with an agreed plan of input. They report their findings to both management and the Audit Committee as well as reporting annually to the Corporation.

Management is responsible for the implementation of audit recommendations and internal audit undertakes periodic follow-up reviews to ensure such recommendations have been implemented.

The Audit Committee also advises the Corporation on the appointment of internal and financial statements auditors and their remuneration for both audit and non-audit work as well as reporting annually to the Corporation.

### **Internal control**

#### **Scope of responsibility**

The Corporation is ultimately responsible for the College's system of internal control and for reviewing its effectiveness. However, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Corporation has delegated the day to day responsibility to the Chief Executive and Principal, as Accounting Officer, for maintaining a sound system of internal control that supports the achievement of the College's policies, aims and objectives, whilst safeguarding the public funds and assets for which he is personally responsible, in accordance with the responsibilities assigned to him in the conditions of funding between York College and the funding bodies. He is also responsible for reporting to the Corporation any material weaknesses or breakdowns in internal control.



## **STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)**

### **The purpose of the system of internal control**

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of College policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in York College for the year ended 31 July 2021 and up to the date of approval of the Report and Financial Statements.

### **Capacity to handle risk**

The Corporation has reviewed the key risks to which the College is exposed, together with the operating, financial and compliance controls and arrangements for compliance with legal and regulatory matters including those relating to the regularity and propriety of the use of public funding that have been implemented to mitigate those risks.

The Corporation is of the view that there is a formal ongoing process for identifying, evaluating and managing the College's significant risks that has been in place for the period ending 31 July 2021 and up to the date of approval of the annual report and financial statements.

This process is regularly reviewed by the Corporation.

### **The risk and control framework**

The system of internal control is based on a framework of regular management information, administrative procedures including the segregation of duties, and a system of delegation and accountability. In particular, it includes:

- comprehensive budgeting systems with an annual budget, which is reviewed and agreed by the Corporation;
- regular reviews by the Corporation of periodic and annual financial reports which indicate financial performance against forecasts;
- setting targets to measure financial and other performance;
- clearly defined capital investment control guidelines;
- the adoption of formal project management disciplines, where appropriate; and
- consideration by Committees of the risks associated with their area of oversight and the reporting of any concerns to the Governing Body.

The College has an internal audit service, which operates in accordance with the requirements of the ESFA's *Post 16 Audit Code of Practice*. The work of the internal audit service is informed by an analysis of the risks to which the College is exposed, and annual internal audit plans are based on this analysis.

### **Statement from the audit committee**

The audit committee has advised the board of governors that the corporation has an effective framework for governance and risk management in place. The audit committee believes the corporation has effective internal controls in place.

The internal auditors were able to complete a full programme of scheduled audits including key financials creditor payments, apprentice funding controls, HR recruitment and selection, GDPR, learner support funds, cyber security and follow up. These totalled 36 days for 2020-21. No fundamental / significant control risks were identified.



## STATEMENT OF CORPORATE GOVERNANCE AND INTERNAL CONTROL (CONTINUED)

### Internal control (continued)

#### Review of effectiveness

The analysis of risks and the internal audit plans are endorsed by the Corporation on the recommendation of the Audit Committee.

As Accounting Officer, the Chief Executive and Principal has responsibility for reviewing the effectiveness of the system of internal control. The Accounting Officer's review is informed by:

- the work of the internal auditors;
- the work of the executive managers within the College who have responsibility for the development and maintenance of the internal control framework; and
- comments made by the College's financial statements auditors in their management letter and other reports.

The Accounting Officer has been advised on the implications of the result of the review of the effectiveness of the system of internal control by the Audit Committee, which oversees the work of the internal auditor, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Strategic Leadership Team receives reports setting out key performance and risk indicators and considers possible control issues brought to their attention by early warning mechanisms, which are embedded within the departments and reinforced by risk awareness training. The Strategic Leadership Team and the Audit Committee also receive regular reports from internal audit, which include recommendations for improvement. The Audit Committee's role in this area is confined to a high-level review of the arrangements for internal control. The Corporation's agenda includes a regular item for consideration of risk and control and receives reports thereon from the Strategic Leadership Team and the Audit Committee. The emphasis is on obtaining the relevant degree of assurance and not merely reporting by exception.

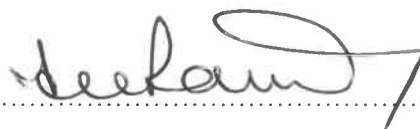
At its December 2021 meeting, the Corporation carried out the annual assessment for the year ended 31 July 2021 by considering documentation from the Strategic Leadership Team and the internal audit service and taking account of events since 31 July 2021.

Based on the advice of the Audit Committee and the Principal, as Accounting Officer, the Corporation is of the opinion that the College does have an adequate framework for governance, risk management and control and has fulfilled its statutory responsibility for *'the effective and efficient use of resources, the solvency of the College and safeguarding its assets'*.

Approved by order of the members of the Corporation on 13 December 2021 and signed on its behalf.



I Looker  
Chair



L Probert  
Chief Executive, Principal and Accounting Officer

**STATEMENT ON THE COLLEGE'S REGULARITY, PROPRIETY AND COMPLIANCE**

The Corporation has considered its responsibility to notify the Education and Skills Funding Agency (ESFA) of material irregularity, impropriety and non-compliance with terms and conditions of funding under the College's grant funding agreements and contracts with ESFA. As part of our consideration we have had due regard to the requirements of the grant funding agreements and contracts with the ESFA.

We confirm, on behalf of the Corporation, that after due enquiry and to the best of our knowledge, we are able to identify any material irregular or improper use of funds by the College, or material non-compliance with the terms and conditions of funding under the College's grant funding agreements and contracts with the ESFA or any other public funder.

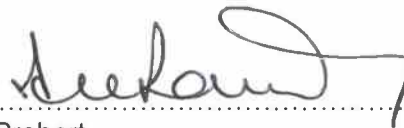
We confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date. If any instances are identified after the date of this statement, these will be notified to the Education and Skills Funding Agency.

Approved by order of the members of the Corporation on 13 December 2021 and signed on its behalf.

.....  
I Looker  
Chair



.....  
L Probert  
Chief Executive, Principal and Accounting Officer



## STATEMENT OF RESPONSIBILITIES OF THE MEMBERS OF THE CORPORATION

The members of the Corporation are required to present audited financial statements for each financial year.

Within the terms and conditions of the Corporation's conditions of funding and the Funding Agreements with the ESFA and any relevant funding bodies, the Corporation, through its Accounting Officer, is required to prepare financial statements for each financial year in accordance with the *Statement of Recommended Practice – Accounting for Further and Higher Education F & HE SORP* and with the *College Accounts Direction 2020 to 2021* issued by the ESFA, and which give a true and fair view of the state of affairs of the College and the result for that year.

In preparing the financial statements, the Corporation is required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- assess whether the corporation is a going concern, noting the key supporting assumptions qualifications or mitigating actions as appropriate; and
- prepare financial statements on the going concern basis, unless it is inappropriate to assume that the Corporation will continue in operation


The Corporation is also required to prepare a Members' Report and Operating and Financial Review which describes what it is trying to do and how it is going about it, including information about the legal and administrative status of the Corporation.

The Corporation is responsible for keeping adequate accounting records which disclose with reasonable accuracy, at any time, the financial position of the College, and which enable it to ensure that the financial statements are prepared in accordance with the relevant legislation of incorporation and other relevant accounting standards. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and for taking steps that are reasonably open to it in order to safeguard the assets of the Corporation and to prevent and detect fraud and other irregularities.

The maintenance and integrity of the Corporation website is the responsibility of the Corporation of the College; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Members of the Corporation are responsible for ensuring that expenditure and income are applied for the purposes intended by Parliament and that the financial transactions conform to the authorities that govern them. In addition they are responsible for ensuring that funds from the ESFA and any other public funds are used only in accordance with the ESFA's grant funding agreements and any other conditions that may be prescribed from time to time by the ESFA or any other public funder. Members of the Corporation must ensure that there are appropriate financial and management controls in place in order to safeguard public and other funds and to ensure they are used properly. In addition, members of the Corporation are responsible for securing economical, efficient and effective management of the Corporation's resources and expenditure, so that the benefits that should be derived from the application of public funds from the ESFA and other public bodies are not put at risk.

Approved by order of the members of the Corporation on 13 December 2021 and signed on its behalf by:

  
.....  
I Looker  
Chair

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE

### Opinion

We have audited the financial statements of York College (the "College") for the year ended 31 July 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves, the statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the College's affairs as at 31 July 2021 and of the College's deficit of income over expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the college in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the governors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the college's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the governors with respect to going concern are described in the relevant sections of this report.

### Other information

The other information comprises the information included in the Report and Financial Statements other than the financial statements and our auditor's report thereon. The governors are responsible for the other information contained within the Report and Financial Statements. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



### Opinion on other matters prescribed by the Office for Students' Accounts Direction

In our opinion, in all material respects:

- funds from whatever source administered by the college for specific purposes have been properly applied to those purposes and managed in accordance with relevant legislation;
- funds provided by the Office for Students, UK Research and Innovation (including Research England), the Education and Skills Funding Agency and Department for Education have been applied in accordance with the relevant terms and conditions; and
- the requirements of the Office for Students' accounts direction for the relevant year's financial statements have been met.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Post-16 Audit Code of Practice 2020 to 2021 issued by the Education and Skills Funding Agency requires us to report to you if, in our opinion:

- adequate accounting records have not been kept;
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations required for our audit.

We have nothing to report in respect of the following matters where the Office for Students' accounts direction requires us to report to you if:

- the College's grant and fee income, as disclosed in the note 3 to the financial statements, has been materially misstated.
- the College's expenditure on access and participation activities for the financial year has been materially misstated.

### Responsibilities of the Corporation of York College

As explained more fully in the Statement of the Corporation's Responsibilities set out on page 20 the Corporation is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Corporation determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporation is responsible for assessing the College's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Corporation either intend to liquidate the College or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

## INDEPENDENT AUDITOR'S REPORT TO THE CORPORATION OF YORK COLLEGE (CONTINUED)

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory framework that the College operates in and how the college are complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, Further and Higher Education SORP, the College Accounts Direction published by the Education and Skills Funding Agency, and Regulatory Advice 9: Accounts Direction published by the Office for Students'. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The most significant laws and regulations that have an indirect impact on the financial statements are those which are in relation to the Education Inspection Framework under the Education and Inspections Act 2006, Keeping Children Safe in Education under the Education Act 2002 and the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the college is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities in order to draw a conclusion.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <http://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the Corporation, as a body, in accordance with the Funding Agreement published by the Education and Skills Funding Agency and our engagement letter dated 29 October 2021. Our audit work has been undertaken so that we might state to the Corporation, as a body, those matters we are engaged to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation, as a body, for our audit work, for this report, or for the opinions we have formed.

RSM UK Audit LLP

RSM UK AUDIT LLP  
Chartered Accountants  
Two Humber Quays  
Wellington Street West  
Hull  
HU1 2BN

2.1.1 2022



**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2021**

	<b>Note</b>	<b>Year ended 31 July 2021 £'000</b>	<b>Year ended 31 July 2020 £'000</b>
<b>Income</b>			
Funding body grants	2	23,049	21,386
Tuition fees and education contracts	3	3,321	4,027
Other grants and contracts	4	63	78
Other income	5	895	1,423
Investment income	6	5	38
Donations and Endowments	7	60	-
<b>Total income</b>		<b>27,393</b>	<b>26,952</b>
<b>Expenditure</b>			
Staff costs	8	21,763	20,223
Other operating costs	9	6,396	5,983
Depreciation	12	2,237	2,174
Interest and other finance costs	10	231	147
<b>Total expenditure</b>		<b>30,627</b>	<b>28,527</b>
<b>(Deficit) before other gains and losses</b>		<b>(3,234)</b>	<b>(1,575)</b>
(Loss) / Profit on the disposal of assets		(1)	3
<b>(Deficit) before taxation</b>		<b>(3,235)</b>	<b>(1,572)</b>
<b>Operating (Deficit) before other gains and losses and FRS 102 pension adjustments</b>		<b>(901)</b>	<b>(168)</b>
Pension adjustments (FRS 102 and actuarial loss on Enhanced Pensions scheme)		(2,334)	(1,404)
Taxation	11	-	-
<b>(Deficit) for the year</b>		<b>(3,235)</b>	<b>(1,572)</b>
Remeasurement of net defined benefit pension liability	20	8,364	(8,497)
<b>Total comprehensive income for the year and attributable to the Corporation of the College</b>		<b>5,129</b>	<b>(10,069)</b>

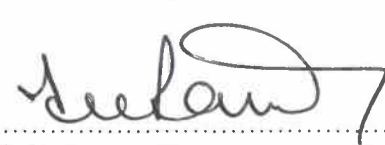
The notes on pages 28 to 51 form part of the financial statements

**BALANCE SHEET AS AT 31 JULY 2021**

	Note	2021 £'000	2020 £'000
<b>Non current assets</b>			
Tangible fixed assets	12	49,440	49,603
<b>Current assets</b>			
Stocks		6	16
Trade and other receivables	13	1,034	800
Cash at bank and in hand		8,293	8,083
		<u>9,333</u>	<u>8,899</u>
<b>Current liabilities</b>			
<b>Creditors:</b> Amounts falling due within one year	14	<u>(4,542)</u>	<u>(3,444)</u>
<b>Net current assets</b>		<u>4,791</u>	<u>5,455</u>
<b>Total assets less current liabilities</b>		<u>54,231</u>	<u>55,058</u>
<b>Creditors:</b> Amounts falling due after more than one year	15	(16,255)	(16,126)
<b>Provisions for liabilities</b>			
Defined benefit pension scheme	16	(11,020)	(17,084)
Other provisions	16	<u>(861)</u>	<u>(882)</u>
<b>Total net assets</b>		<u>26,095</u>	<u>20,966</u>
<b>Restricted reserves</b>		5	7
<b>Unrestricted reserves</b>			
Income and expenditure reserve		25,237	20,106
Revaluation reserve		853	853
<b>Attributable to the College Corporation</b>		<u>26,090</u>	<u>20,959</u>
<b>Total reserves</b>		<u>26,095</u>	<u>20,966</u>

The financial statements on pages 24 to 51 were approved and authorised for issue by the Corporation on 13 December 2021 and were signed on its behalf by:

  
.....  
I Looker  
Chair

  
.....  
L Probert  
Chief Executive, Principal & Accounting Officer

**STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 31 JULY 2021**

	<b>Restricted Reserve £'000</b>	<b>Unrestricted Income and Expenditure Reserve £'000</b>	<b>Unrestricted Revaluation Reserve £'000</b>	<b>Total Unrestricted Reserves £'000</b>	<b>Total Reserves £'000</b>
Balance at 1 August 2019	7	30,175	853	31,028	31,035
(Deficit) from the income and expenditure account	-	(1,572)	-	(1,572)	(1,572)
Other comprehensive income	-	(8,497)	-	(8,497)	(8,497)
<b>Balance at 31 July 2020</b>	<b>7</b>	<b>20,106</b>	<b>853</b>	<b>20,959</b>	<b>20,966</b>
(Deficit) from the income and expenditure account	(2)	(3,233)	-	(3,233)	(3,235)
Other comprehensive income		8,364	-	8,364	8,364
<b>Balance at 31 July 2021</b>	<b>5</b>	<b>25,237</b>	<b>853</b>	<b>26,090</b>	<b>26,095</b>

The notes on pages 28 to 51 form part of the financial statements

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2021**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Cash flow from operating activities</b>		
Deficit for the year	(3,235)	(1,572)
<b>Adjustment for</b>		
Depreciation	2,237	2,174
Donations	(60)	-
Decrease in stocks	10	6
(Increase) / decrease in debtors	(234)	53
Increase in creditors due within one year	1,181	637
Increase in creditors due after one year	129	800
(Decrease) in provisions	(21)	(17)
Pensions costs less contributions payable	2,069	1,225
<b>Adjustment for investing or financing activities</b>		
Investment income	(5)	(38)
Interest / finance costs payable	231	147
Loss / (Profit) on sale of fixed assets	1	(3)
<b>Net cash flow from operating activities</b>	<u>2,303</u>	<u>3,412</u>
<b>Cash flows from investing activities</b>		
Proceeds from sale of fixed assets	1	6
Investment income	5	40
Payments made to acquire fixed assets	(2,099)	(2,449)
	<u>(2,093)</u>	<u>(2,403)</u>
<b>Increase in cash and cash equivalents in the year</b>	<u>210</u>	<u>1,009</u>
Cash and cash equivalents at beginning of year	<u>8,083</u>	<u>7,074</u>
Cash and cash equivalents at end of year	<u>8,293</u>	<u>8,083</u>

The notes on pages 28 to 51 form part of the financial statements.

A net debt reconciliation is not presented as the College does not have any debt.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021

### 1. Statement of accounting policies and estimation techniques

The following accounting policies have been applied consistently in dealing with items, which are considered material in relation to the financial statements.

#### Basis of accounting

These financial statements have been prepared in accordance with the *Statement of Recommended Practice*, the *College Accounts Direction for 2020 to 2021* and Regulatory Advice 9; Accounts Direction issued by OfS and in accordance with Financial Reporting Standard 102 – “*The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland*” (FRS 102). The College is a public benefit entity and has therefore applied the relevant public benefit requirements of FRS 102.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the College's accounting policies.

These financial statements are prepared in accordance with the historical cost convention.

At 31 July 2021, the College had no subsidiary companies. A joint venture activity commenced on 17 July 2019 with the formation of the Yorkshire and Humber Institute of Technology Limited. This is a company limited by guarantee with eight other partners.

In accordance with Financial Reporting Standard FRS 102, the activities of the student union have not been consolidated because the College does not control those activities.

#### Going concern

The activities of the College, together with the factors likely to affect its future development and performance are set out in the Report and Operating and Financial Review. The financial position of the College, its cash-flow, liquidity and borrowings are described in the Financial Statements and accompanying Notes.

The College currently generates positive operating cash flows contributing towards a healthy bank balance and reserves position. In addition, the College has no loans or debt at 31 July 2021. This healthy cash balance and no debt supports a financially strong position and a 'good' financial health rating. The 2021-22 budget reflects the return of certain income streams to pre Covid-19 levels. A budget break-even operating position has been set with cash maintained at circa £8m at 31 July 2022 and it is forecast not to fall below £6.8m throughout 2021-22.

The financial plan including cash flow forecasts prepared for the period to July 2023 does not show a deterioration in this position.

Accordingly the College has a reasonable expectation that it has adequate resources to continue in operational existence for the twelve months to December 2022, and for this reason will continue to adopt the going concern basis in the preparation of its Financial Statements.

#### Recognition of income

- Revenue grant funding

Government revenue grants including funding body recurrent grants and other grants are accounted for under the accrual model as permitted by FRS 102. Funding body recurrent grants are measured in line with the best estimates for the period of what is receivable and depend on the particular income stream involved. Any under achievement for the Adult Education Budget (AEB) is adjusted for and reflected in the level of recurrent grant recognised in the Statement of Comprehensive Income. The final grant income is normally determined with the conclusion of the year end reconciliation process with the funding body following the year end, and the results of any funding audits.

## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

### **1. Statement of accounting policies and estimation techniques (continued)**

#### **Recognition of income (continued)**

16-18 learner responsive funding is not normally subject to reconciliation and is therefore not subject to contract adjustments.

The recurrent grant from the Office for Students represents the funding allocation attributable to the current financial year and is credited direct to the Statement of Comprehensive Income.

Where part of a government grant is deferred, the deferred element is recognised as deferred income within creditors and allocated between creditors due within one year and creditors due after more than one year as appropriate.

Grants (including research grants) from non-government sources are recognised in income when the College is entitled to the income and performance conditions have been met. Income received in advance of the performance related criteria being met is recognised as deferred income within creditors on the balance sheet and released to income as conditions are met.

- **Capital grant funding**

Government capital grants are capitalised, held as deferred income and recognised in income over the expected useful life of the asset, under the accrual method as permitted by FRS 102. Other capital grants are recognised in income when the College is entitled to the funds subject to any performance related conditions being met.

Income received in advance of performance related conditions being met is recognised as deferred income within creditors on the Balance Sheet and released to income as conditions are met.

- **Fee income**

Income from tuition fees is stated gross of any expenditure that is not a discount and is recognised in the period for which it is received. This includes all fees payable by students or their sponsors.

- **Investment income**

All income from short-term deposits is credited to the income and expenditure account in the period in which it is earned on a receivable basis.

#### **Accounting for Post-employment benefits**

Post-employment benefits to employees of the College are principally provided by the Teachers' Pension Scheme (TPS) and the Local Government Pension Scheme (LGPS). These are defined benefit plans which are externally funded.



## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

### **1. Statement of accounting policies and estimation techniques (continued)**

#### **Teachers' Pension Scheme (TPS)**

The TPS is an unfunded scheme. Contributions to the TPS are calculated so as to spread the cost of pensions over employees' working lives with the College in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by qualified actuaries on the basis of valuations using a prospective benefit method. The TPS is a multi-employer scheme and there is insufficient information available to use defined benefit accounting. The TPS is therefore treated as a defined contribution plan and the contributions recognised as an expense in the income statement in the periods during which services are rendered by employees.

#### **Local Government Pension Scheme (LGPS)**

The LGPS is a funded scheme. The assets of the LGPS are measured using closing fair values. LGPS liabilities are measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred.

Net interest on the net defined benefit liability/asset is also recognised in the Statement of Comprehensive Income and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations.

The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in interest and other finance costs.

Actuarial gains and losses are recognised immediately in actuarial gains and losses.

#### **Short term employment benefits**

Short term employment benefits such as salaries and compensated absences (holiday pay) are recognised as an expense in the year in which the employees render service to the College. Any unused benefits are accrued and measured as the additional amount that the College expects to pay as a result of the unused entitlement.

#### **Enhanced pensions**

The actual cost of any enhanced ongoing pension to a former member of staff is paid by the College annually. An estimate of the expected future cost of any enhancement to the ongoing pension of a former member of staff is charged in full to the College's income and expenditure account in the year that the member of staff retires. In subsequent years a charge is made to provisions in the balance sheet using the enhanced pension spreadsheet provided by the funding body.

### **Non-current assets – tangible fixed assets**

#### **Cost**

#### **Measurement and valuation**

The College accounts for the value of tangible fixed assets at cost less accumulated depreciation and accumulated impairment losses. This also includes any costs that are directly attributable to bringing the asset into working condition for its intended use.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 1. Statement of accounting policies and estimation techniques (continued)

#### Non-current assets – tangible fixed assets (continued)

##### Cost measurement and valuation (continued)

The cost of a tangible fixed asset, whether acquired or self-constructed, can include the following costs:

- The purchase or construction cost of the asset including any irrecoverable Value Added Tax. This is after deducting any trade discounts or rebates;
- Any additional acquisition costs, such as stamp duty or import duties;
- Any initial delivery or handling costs;
- Any costs of installation and commissioning the asset;
- Any cost of site preparation and clearance;
- Any professional fees, including legal, architect or engineering fees; and
- Any other costs directly attributable to bringing the asset into working use, including software essential to the operation of the asset.

The capitalisation of directly attributable costs ceases when all activities needed to get the tangible fixed asset ready for use, are complete. This is the case, even if the asset has not yet been brought into use.

The cost of tangible fixed assets does not include the following:

- Finance costs attributable to the purchase or construction of tangible fixed assets; and
- The value of the time of the College's own staff attributable to bringing a tangible fixed asset into working use.

#### Land and buildings

Land transferred from North Yorkshire County Council upon Incorporation is valued on the College's balance sheet on the basis of depreciated replacement cost.

Land and buildings acquired since Incorporation are included in the balance sheet at cost.

When an asset is donated to the College, the initial valuation of the asset is the current value of the asset at the date it is received.

#### Depreciation

College owned freehold land is not depreciated as it is considered to have an infinite life.

Freehold and leasehold buildings are depreciated over their expected useful life to the College as follows:

Buildings	Between 40 and 60 years
Specialist facilities (e.g. all weather pitch, multi-use games area, etc.)	Between 10 and 25 years

Where land and buildings are acquired with the aid of specific grants, these assets are depreciated as above. The related grants are credited to a deferred capital grant account and are released to the income and expenditure account over the expected useful economic life of the related asset.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying amount of any fixed asset may not be recoverable.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 1. Statement of accounting policies and estimation techniques (continued)

#### Subsequent expenditure on existing fixed assets

Once in use, where significant expenditure is incurred on tangible fixed assets, it is charged to the Statement of Comprehensive Income in the period it is incurred, unless it meets one of the following criteria, in which case it is capitalised and depreciated on the relevant basis:

- The market value of the fixed asset has subsequently improved;
- The asset's capacity has been increased;
- There have been substantial improvements in the quality of output or reduction in operating costs; and
- There has been a significant extension of the asset's life beyond that conferred by repair and maintenance.

#### Assets under construction

Assets under construction are accounted for at cost, based on the value of architects' certificates and other direct costs, incurred to 31 July 2021. They are not depreciated until they are brought into use.

#### Equipment

Equipment costing less than £1,000 per individual item is written off to the income and expenditure account in the period of acquisition. All other equipment is capitalised at cost.

#### Depreciation

Equipment is depreciated over its useful economic life as follows:

IT Hardware and Software	Between 3 and 6 years
Motor vehicles and general equipment	Between 3 and 20 years
Fixtures and fittings	Between 10 and 35 years

#### Leased assets

Costs in respect of operating leases are charged on a straight-line basis over the lease term to the Statement of Comprehensive Income and Expenditure.

#### Jointly Controlled Entities

Entities in which the College has a long-term interest and shares control under a contractual arrangement are classified as jointly controlled entities. The College's investment in jointly controlled entities is accounted for using the cost model and is stated net of any cumulative impairment losses. Distributions from the jointly controlled entity are recognised in income at the point of entitlement.

#### Cash and cash equivalents

Cash includes cash in hand, deposits repayable on demand and overdrafts. Deposits are repayable on demand if they are in practice available within 24 hours without penalty.

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash with insignificant risk of change in value. An investment qualifies as a cash equivalent when it has maturity of 3 months or less from the date of acquisition.

## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

### **1. Statement of accounting policies and estimation techniques (continued)**

#### **Financial Instruments**

The College has chosen to adopt Sections 11 and 12 of FRS 102 in full in respect of financial instruments.

#### **Financial assets and liabilities**

Financial assets and financial liabilities are recognised when the College becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets measured at fair value through the profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless arrangement constitutes a financing transaction. A financial asset or financial liability that is payable or receivable in one year is measured at the undiscounted amount expected to be received or paid net of impairment, unless it is a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and financial liabilities are offset only when there is a current legally enforceable right to set off the recognised amounts and the intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **Taxation**

The College is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the College is potentially exempt from taxation in respect of income or capital gains received within categories covered sections 478-488 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied to exclusively charitable purposes.

The College is partially exempt in respect of Value Added Tax, so that it can only recover a minor element of VAT charged on its inputs. Irrecoverable VAT on its inputs is included in the costs of such inputs and added to the cost of tangible fixed assets as appropriate, where the inputs themselves are tangible fixed assets by nature.



## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

### **1. Statement of accounting policies and estimation techniques (continued)**

#### **Provisions and contingent liabilities**

Provisions are recognised when the College has a present legal or constructive obligation as a result of a past event, it is probable that a transfer of economic benefit will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

A contingent liability arises from a past event that gives the College a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the College. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the balance sheet but are disclosed in the notes to the financial statements.

#### **Agency arrangements**

The College acts as an agent in the collection and payment of certain bursary support funds. Related payments received from funding body and subsequent disbursements to students are excluded from the income and expenditure of the College where the College does not have control of the economic benefit to the transaction.

### **Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **Critical accounting estimates and assumptions**

- **Tangible fixed assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- **Impairment**

Determination as to whether there are indicators of impairment of the College's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**1. Statement of accounting policies and estimation techniques (continued)**

**Critical accounting estimates and assumptions continued**

- **Local Government Pension Scheme**

The present value of the Local Government Pension Scheme defined benefit liability depends on a number of factors that are determined on an actuarial basis using a variety of assumptions. The assumptions used in determining the net cost or (income) for pensions include the discount rate. Any changes in these assumptions, which are disclosed in Note 19, will impact the carrying amount of the pension liability. Furthermore a roll forward approach which projects results from the latest full actuarial valuation performed at 31 March 2019 has been used by the actuary in valuing the pensions liability at 31 July 2021. Any differences between the figures derived from the roll forward approach and a full actuarial valuation would impact on the carrying amount of the pension liability.

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**2. Funding body grants**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Recurrent Grants:		
Education and Skills Funding Agency – 16-18	17,190	15,744
Education and Skills Funding Agency – Adult	1,231	1,291
Education and Skills Funding Agency – Apprenticeships	2,485	2,621
Office for Students	157	201
Specific Grants:		
Apprentice Employer Additional payments	150	180
Teacher Pension Scheme contribution grant	624	576
Tuition Fund	15	-
ESFA AEB COVID-19 Skills offer	10	-
COVID-19 mass testing	39	-
Other ESFA grants	423	58
Institute of Technology	12	50
Release of Government capital grants	713	665
Total	<u>23,049</u>	<u>21,386</u>

The corporation has been eligible to claim additional funding in year from government support schemes in response to the coronavirus outbreak.

The funding received for Tuition fund covered costs of £15,000, and the funding for COVID-19 skills offer and COVID-19 mass testing covered costs incurred to run additional courses and support on-site testing.

**3. Tuition fees and education contracts**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Adult education fees	37	96
Apprenticeship fees and contracts	70	68
Fees for FE loan supported courses	570	544
Fees for HE loan supported courses	1,548	1,589
International student fees	237	461
Total tuition fees	<u>2,462</u>	<u>2,758</u>
Education contracts	<u>859</u>	<u>1,269</u>
Total	<u>3,321</u>	<u>4,027</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**3. Tuition fees and education contracts (continued)**

**Details of grant and fee income**

	Year ended 31 July 2021 £000	Year ended 31 July 2020 £000
Grant income from the Office for Students	157	201
Grant income from other bodies	22,892	21,185
Fees income for taught awards (exclusive of VAT)	3,321	4,027
Total grant and fee income	26,370	25,413

**4. Other grants and contracts**

	2021 £000	2020 £000
UK based charities	15	25
European Commission	-	11
Other grants and contracts	48	42
Total	63	78

**5. Other income**

	2021 £000	2020 £000
Catering and residencies	213	489
Other income generating activities	66	142
Non-government capital grants	15	5
Miscellaneous income	565	787
Coronavirus Job Retention Scheme grant	36	-
Total	895	1,423

The corporation furloughed some of the catering staff and leisure assistants under the government's Coronavirus Job Retention Scheme. The funding received in respect of 22 staff totals £36,000 and relates to staff costs which are included within the staff costs note below.

The funding received for Coronavirus Job Retention Scheme covered costs of £45,000 in 2020 to 2021.



**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**6. Investment income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Other investment income	5	38
Total	<u>5</u>	<u>38</u>

**7. Donations and Endowments**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Donations	60	-
Total	<u>60</u>	<u>-</u>

Donations relates to equipment gifted to the College with a fair value of £60,000. These assets have been included as equipment addition within tangible fixed assets (see note 12).

**8. Staff costs**

The average number of persons (including key management personnel) employed by the college during the year, disclosed on an average headcount basis, was:

	<b>2021</b>	<b>2020</b>
Teaching staff	291	293
Non teaching staff	368	374
Total	<u>659</u>	<u>667</u>

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Staff costs for the above persons		
Wages and salaries	14,750	14,352
Social security costs	1,342	1,284
Other pension costs	5,154	4,093
Payroll sub total	<u>21,246</u>	<u>19,729</u>
Contracted out services	78	124
	<u>21,324</u>	<u>19,853</u>
Restructuring costs – Contractual	420	346
Restructuring costs – Non contractual	19	24
Total	<u>21,763</u>	<u>20,223</u>

Restructuring costs were approved by the Corporation.

The corporation does not have any salary sacrifice arrangements in place.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 8. Staff costs (continued)

#### Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the College and are represented by the Strategic Leadership Team. This comprised the Chief Executive and Principal, two Deputy Principals and three Vice Principals in the period to 31 July 2021.

Staff costs include compensation paid to key management personnel for loss of office.

#### Emoluments of key management personnel, Accounting Officer and other higher paid staff

	2021 No.	2020 No.
The number of key management personnel, including the Accounting Officer was	6	6

The number of key management personnel who received annual emoluments, excluding pension contributions but including benefits in kind, in the following ranges was:

	2021 Key Management Personnel	2020 Key Management Personnel
£70,001-£75,000	1	1
£75,001-£80,000	1	-
£85,001-£90,000	3	4
£140,001-£145,000	1	1
Total	6	6

No other staff received annual emoluments above £60,000.

Key management personnel compensation including the Accounting Officer is made up as follows:

	2021 £'000	2020 £'000
Salaries	555	561
Benefits in kind	2	2
Pension contributions	127	120
Total	684	683

In addition to the above national insurance amounted to £70,000 (2020: £70,000).

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 8. Staff costs (continued)

#### Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

Total key management personnel compensation include amounts payable to the current Accounting Officer (who is the highest paid officer) of:

	2021 £'000	2020 £'000
Salaries	143	141
Benefits in kind	-	-
	<u>143</u>	<u>141</u>
Pension contributions	34	33
	<u>34</u>	<u>33</u>
Total compensation	<u>177</u>	<u>174</u>

The pension contributions in respect of the Principal and other key management personnel are in respect of employer's contributions to the Teachers' Pension Scheme and Local Government Pension Fund and are paid at the same rate as for other employees.

The remuneration of the Accounting Officer for 2020-21 was determined on 14 December 2020 by the College's Board of Governors. The accounting officer was not involved in setting their remuneration. The factors taken into account in determining the accounting officer's remuneration for the year to 31 July 2021 included sector data on pay of accounting officers and benchmarking to the broader market. A specific benchmarking exercise took place in 2019 on the change in Accounting Officer. The remuneration of key management staff including the Principal and Chief Executive follow the adopted AoC Senior Staff Remuneration Code and assesses pay in line with its principles.

A similar approach was used to determine the remuneration of other key management personnel.

The relationship between the accounting officer's emoluments, expressed as a multiple of all other employees based on full-time equivalents, is set out below for both basic salary and total remuneration.

	2021 No	2020 No
Basic salary as a multiple of median basic salary of staff	5.3	5.3
Total remuneration as a multiple of median total remuneration of staff	5.6	5.6

The above calculations are based on the guidance issued by the Office for Students. The calculations include costs of all salaried staff. Agency staff costs are not included in the calculation, as the data is not readily available. The cost of agency staff is only 1.2% of total wages and salaries and therefore deemed to have no material effect.

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 8. Staff costs (continued)

#### Emoluments of key management personnel, Accounting Officer and other higher paid staff (continued)

##### Compensation for loss of office paid to former key management personnel

	2021 £	2020 £
Compensation paid to two former post-holders – contractual	169,513	-
Estimated value of other benefits, including provisions for pension benefits	-	-

All severance payments were approved by the College's Remuneration Committee.

#### Governors' remuneration

The Accounting Officers and the staff member only receive remuneration in respect of services they provide undertaking their roles of Principal and staff members under contracts of employment and not in respect of their roles as governors. The other members of the Corporation did not receive any payments from the college in respect of their roles as governors.

The total expenses paid to or on behalf of the Governors during the year was nil to governors (2020: £784 to governors). This represents travel and subsistence expenses and other out of pocket expenses incurred in attending meetings, training and other events in their official capacity.



**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**9. Other operating expenses**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Teaching staff	1,636	1,619
Non-teaching costs	2,834	2,875
Premises costs	1,926	1,489
	<hr/>	<hr/>
Total	6,396	5,983
	<hr/>	<hr/>

Other operating expenses include:

Auditors remuneration		
Financial statements audit	41	24
Internal audit	16	16
Other services from auditors (VAT review)	7	-
Operating lease rentals	25	25
	<hr/>	<hr/>

**10. Interest and other finance costs**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Pension finance costs (Note 20)	231	147
	<hr/>	<hr/>
Total	231	147
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**11. Taxation**

The Corporation does not believe the College was liable for any corporation tax arising from its activities during either period.

**12. Tangible fixed assets**

	<b>Freehold land and buildings £'000</b>	<b>Equipment £'000</b>	<b>Total £'000</b>
<b>Cost or valuation</b>			
At 1 August 2020	55,739	17,317	73,056
Additions	696	1,380	2,076
Disposals	-	(420)	(420)
At 31 July 2021	<u>56,435</u>	<u>18,277</u>	<u>74,712</u>
<b>Depreciation</b>			
At 31 July 2020	12,822	10,631	23,453
Charge for the period	981	1,256	2,237
Elimination in respect of disposal	-	(418)	(418)
At 31 July 2021	<u>13,803</u>	<u>11,469</u>	<u>25,272</u>
<b>Carrying amount at 31 July 2021</b>	<u><b>42,632</b></u>	<u><b>6,808</b></u>	<u><b>49,440</b></u>
<b>Carrying amount at 31 July 2020</b>	<u><b>42,917</b></u>	<u><b>6,686</b></u>	<u><b>49,603</b></u>

Additions to tangible fixed assets include £60,000 of non-exchange transactions which are at fair value. The corresponding entry is credited to other income in the statement of comprehensive income.

Land and buildings includes land valued at £853,000 (2020: £853,000) that is not depreciated.

The College's inherited land was valued at 30 April 1996 at depreciated replacement cost by Sanderson, Townsend & Gilbert, a firm of independent chartered surveyors. The values were retained on transition to FRS 102.

If inherited land had not been valued before being deemed as cost on transition, they would have been included at the following amounts:

	<b>£000</b>
Cost	Nil
Aggregate depreciation based on cost	<u>Nil</u>
Carrying amount based on cost	<u>Nil</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**13. Trade and other receivables**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts falling due within one year		
Trade receivables	130	134
Other receivables	151	82
Prepayments and accrued income	495	359
Amounts owed by the Education and Skills Funding Agency	258	225
	<hr/>	<hr/>
<b>Total</b>	<b>1,034</b>	<b>800</b>

**14. Creditors: Amounts falling due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	1,203	1,103
Other taxation and social security	451	346
Other creditors	726	701
Accruals and deferred income	684	574
Government capital grants	782	688
Amounts owed to the Education and Skills Funding Agency	696	32
	<hr/>	<hr/>
<b>Total</b>	<b>4,542</b>	<b>3,444</b>

**15. Creditors: Amounts falling due after more than one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Government capital grants	16,255	16,126
	<hr/>	<hr/>
<b>Total</b>	<b>16,255</b>	<b>16,126</b>

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 16. Provisions

	Defined benefit obligations £'000	Enhanced pension provision £'000	Total £'000
At 31 August 2020	17,084	882	17,966
Utilised in the period	(1,367)	(67)	(1,434)
Additions in the period	(4,697)	46	(4,651)
At 31 July 2021	11,020	861	11,881

Defined benefit obligations relate to the liabilities under the College's membership of the Local Government pension Scheme. Further details are given in Note 20.

The enhanced pension provision relates to the cost of staff who have already left the College's employment and any commitments for reorganisation costs from which the College cannot reasonably withdraw at the balance sheet date. This provision has been recalculated in accordance with guidance issued by the funding bodies.

	2021	2020
Price inflation	2.6%	2.2%
Interest rate	1.6%	1.3%

### 17. Capital commitments

	2021 £'000	2020 £'000
Commitments contracted for at 31 July 2021	412	445

### 18. Events after the reporting period

There were no events after the reporting period.

### 19. Lease obligations

At 31 July 2021, the College had minimum lease payments under non-cancellable operating leases as follows:

	2021 £'000	2020 £'000
Future minimum lease payments due		
Vehicles		
Not later than one year	13	25
Later than one year and not later than five years	-	3
	13	28

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 20. Defined benefit obligations

The College's employees belong to two principal post employment benefit plans: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff and the Local Government Pension Scheme (LGPS) for non teaching staff which is managed by North Yorkshire County Council. Both are multi-employer defined benefit plans.

<b>Total pension cost for the year</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
Included in Staff Costs in respect of:		
Teachers' Pension Scheme: contributions paid	1,841	1,746
Local Government Pension Scheme:		
Contributions paid	1,198	1,073
FRS 102 (28) charge	<u>2,069</u>	<u>1,225</u>
Charge to the Statement of Comprehensive income	3,267	2,298
Enhanced Pension charge to the Statement of Comprehensive income	<u>46</u>	<u>49</u>
<b>Total Pension costs included in staff costs for the year</b>	<u><u>5,154</u></u>	<u><u>4,093</u></u>

The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest formal actuarial valuation of the TPS was 31 March 2016 and of the LGPS 31 March 2019.

### Teachers' Pension Scheme

The Teachers' Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme, governed by the Teachers' Pensions Regulations 2010, and from 1 April 2014 the Teachers' Pension Scheme Regulations 2014. The TPS is an unfunded scheme and members contribute on a 'pay as you go' basis – these contributions, along with those made by employers, are credited to the Exchequer. The TPS is a multi-employer pension plan and there is insufficient information to account for the scheme on as a defined benefit plan so it is accounted for as a defined contribution plan.

### Valuation of the Teachers' Pension Scheme

Not less than every four years the Government Actuary ("GA"), using normal actuarial principles, conducts a formal actuarial review of the TPS. The aim of the review is to specify the level of future contributions. Actuarial scheme valuations are dependent on assumptions about the value of future costs, design of benefits and many other factors.

The latest actuarial valuation was carried out as at 31 March 2016 and in accordance with The Public Service Pensions (Valuation and Employer Cost Cap) Directions 2014 except it has been prepared following the Government's decision to pause the operation of the cost control mechanisms at the time when legal challenges were still pending.



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)

### 20. Defined benefit obligations (continued)

#### Valuation of the Teachers' Pension Scheme (continued)

The valuation report was published in April 2019. The key results of the valuation and subsequent consultation are:

- Total scheme liabilities for service (pensions currently payable and the estimated cost of future benefits) of £218 billion
- Value of notional assets (estimated future contributions together with the proceeds from the notional investments held at the valuation date) of £196 billion
- Notional past service deficit of £22 billion
- Discount rate is 2.4% in excess of CPI.

As a result of the valuation, new employer new employer contributions rates were set at 23.68% of pensionable pay from September 2019 onwards (compared to 16.48% during 2018/19). DfE agreed to pay a teacher pension employer contribution grant to cover the additional costs during the 2020-21 academic year and currently through until March 2022.

The pension costs paid to TPS in the year amounted to £2,520,000 of which employer contributions totalled £1,841,000 and employee contributions totalled £679,000 (2020: £2,390,000 of which employer contributions totalled £1,746,000 and employee contributions totalled £644,000).

The next valuation result is due to be implemented from 1 April 2023.

#### Local Government Pension Scheme

The LGPS is a funded defined benefit plan, with the assets held in separate funds administered by North Yorkshire County Council. The total contribution made for the year ended 31 July 2021 was £1,558,000 of which employer contributions totalled £1,198,000 and employee contributions totalled £360,000.

#### Principal actuarial assumptions

The following information is based on a full actuarial valuation of the fund as at 31 March 2019 updated to 31 July 2021 by a qualified independent actuary.

	At 31 July 2021	At 31 July 2020
Rate of increase in salaries	3.85%	3.55%
Future pensions increase	2.60%	2.30%
Discount rate for scheme liabilities	1.70%	1.40%
Inflation assumption (CPI)	2.60%	2.30%
Commutation of pensions to lump sum at retirement	75%	75%

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**20. Defined benefit obligations (continued)**

**Principal actuarial assumptions (continued)**

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	<b>At 31 July 2021</b>	<b>At 31 July 2020</b>
Aged 65 at accounting date		
Males	21.9	21.8
Females	24.0	23.9
Aged 45 at accounting date		
Males	23.6	23.5
Females	25.8	25.7

The College's share of the assets in the plan at the balance sheet date.

	<b>Fair value at 31 July 2021 £'000</b>	<b>Fair value at 31 July 2020 £'000</b>
Equity instruments	33,996	28,472
Government bonds	8,062	9,619
Corporate bonds	2,311	-
Property	3,439	3,174
Cash	958	1,731
Other	7,611	5,098
Total fair value of assets	<u>56,377</u>	<u>48,094</u>
Actual return on plan assets	<u>8,092</u>	<u>3,442</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**20. Defined benefit obligations (continued)**

The amount included in the balance sheet in respect of the defined benefit pension plan is as follows:

	2021 £'000	2020 £'000
Fair value of plan assets	56,377	48,094
Present value of plan liabilities	(67,397)	(65,178)
Net pensions (liability)	<u>(11,020)</u>	<u>(17,084)</u>

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit pension plan are as follows:

**Amounts included in staff cost**

	2021 £'000	2020 £'000
Current service cost	3,192	2,298
Benefit charges loss on curtailments and settlements	75	-
Total	<u>3,267</u>	<u>2,298</u>

**Amounts included in interest and other finance costs**

Net interest cost	231	147
Total	<u>231</u>	<u>147</u>

**Amount recognised in Other Comprehensive Income**

Return on pension plan assets	7,417	2,464
Actuarial gains / (losses)	947	(10,961)
Amounts are included in Other Comprehensive Income	<u>8,364</u>	<u>(8,497)</u>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**20. Defined benefit obligations (continued)**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
<b>Changes in present value of defined benefit obligations</b>		
Defined benefit obligations at start of period	65,178	51,485
Current service cost	3,192	2,298
Interest cost	906	1,125
Contributions by scheme participants	360	357
Actuarial (gains) / losses on defined benefit	(947)	10,961
Benefits paid	(1,367)	(1,048)
Curtailments and settlements	75	-
	<hr/>	<hr/>
Defined benefit obligations at end of period	<u>67,397</u>	<u>65,178</u>

**Change in fair value of plan assets**

**Reconciliation of Assets**

Fair value of assets at start of period	48,094	44,271
Interest income on assets	675	978
Return on plan assets (excluding net interest on the net defined benefit liability)	7,417	2,464
Employer contributions	1,198	1,072
Contributions by scheme participants	360	357
Benefits paid	(1,367)	(1,048)
	<hr/>	<hr/>
Fair value of plan assets at end of period	<u>56,377</u>	<u>48,094</u>

**21. Related party transactions**

Key management compensation disclosure is given in Note 8.

**22. Access and participation expenditure**

	<b>2021</b> <b>£'000</b>	<b>2020</b> <b>£'000</b>
Access investment	13	12
Financial support provided to students	78	47
Support for disabled students	7	8
Research and evaluation related to access and participation	-	-
	<hr/>	<hr/>
Total access and participation expenditure	<u>98</u>	<u>67</u>

The College's access and participation plan is available on the College's website at:  
<http://www.yorkcollege.ac.uk/course-types/higher-education/3093-access-participation.html>

**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 JULY 2021 (CONTINUED)**

**23. Interests in jointly controlled entities**

The College has a long term interest and shares control under a contractual arrangement in Yorkshire and Humber Institute of Technology Limited, a private company limited by guarantee incorporated in England and Wales on the 17 July 2019.



# **INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY**

## **Conclusion**

We have carried out an engagement, in accordance with the terms of our engagement letter dated 29 October 2021 and further to the requirements of the grant funding agreements and contracts with the Education and Skills Funding Agency (the "ESFA") or any other public funder, to obtain limited assurance about whether the expenditure disbursed and income received by York College during the period 1 August 2020 to 31 July 2021 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

## **Basis for conclusion**

The framework that has been applied is set out in the Post-16 Audit Code of Practice (the Code) issued by the ESFA and in any relevant conditions of funding concerning adult education notified by a relevant funder. In line with this framework, our work has specifically not considered income received from the main funding grants generated through the Individualised Learner Record (ILR) data returns, for which the ESFA has other assurance arrangements in place.

We are independent of the York College in accordance with the ethical requirements that are applicable to this engagement and we have fulfilled our ethical requirements in accordance with these requirements. We believe the assurance evidence we have obtained is sufficient to provide a basis for our conclusion

## **Responsibilities of Corporation of York College for regularity**

The Corporation of York College is responsible, under the grant funding agreements and contracts with the ESFA and the requirements of the Further & Higher Education Act 1992, subsequent legislation and related regulations and guidance, for ensuring that expenditure disbursed and income received are applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. The Corporation of York College is also responsible for preparing the Governing Body's Statement of Regularity, Propriety and Compliance.

## **Reporting accountant's responsibilities for reporting on regularity**

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Code.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity. A limited assurance engagement is more limited in scope than a reasonable assurance engagement and the procedures performed vary in nature and timing from, and are less in extent than for a reasonable assurance engagement; consequently a limited assurance engagement does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period 1 August 2020 to 31 July 2021 have not been applied to purposes intended by Parliament or that the financial transactions do not conform to the authorities which govern them.

**INDEPENDENT REPORTING ACCOUNTANT'S REPORT ON REGULARITY TO THE CORPORATION OF YORK COLLEGE AND THE SECRETARY OF STATE FOR EDUCATION ACTING THROUGH THE EDUCATION AND SKILLS FUNDING AGENCY (CONTINUED)**

**Reporting accountant's responsibilities for reporting on regularity (continued)**

Our work included identification and assessment of the design and operational effectiveness of the controls, policies and procedures that have been implemented to ensure compliance with the framework of authorities including the specific requirements of the grant funding agreements and contracts with the ESFA and high level financial control areas where we identified a material irregularity is likely to arise. We undertook detailed testing, on a sample basis, on the identified areas where a material irregularity is likely to arise where such areas are in respect of controls, policies and procedures that apply to classes of transactions.

This work was integrated with our audit of the financial statements and evidence was also derived from the conduct of that audit to the extent it supports the regularity conclusion.

**Use of our report**

This report is made solely to the Corporation of York College and the Secretary of State for Education acting through the ESFA in accordance with the terms of our engagement letter. Our work has been undertaken so that we might state to the Corporation of York College and the Secretary of State for Education acting through the ESFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Corporation of York College and the Secretary of State for Education acting through the ESFA for our work, for this report, or for the conclusion we have formed.

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Date 21/1/2022